

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2021 Second Round**

**October 20, 2021**

Gloria Drive Apartments, located at 7201 Gloria Drive in Sacramento, requested and is being recommended for a reservation of \$1,114,732 in annual federal tax credits and \$3,699,710 in total state tax credits to finance the acquisition and rehabilitation of 31 units of housing with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by DHI Gloria Drive Associates, LLC and is located in Senate District 6 and Assembly District 9.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contracts.

**Project Number** CA-21-154

**Project Name** Gloria Drive Apartments  
**Site Address:** 7201 Gloria Drive  
Sacramento, CA 95831 County: Sacramento  
**Census Tract:** 40.090

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$1,114,732	\$3,699,710
Recommended:	\$1,114,732	\$3,699,710

\* The applicant made an election not to sell (Certificate) any portion of the state credits.

**Applicant Information**

**Applicant:** DHI Gloria Drive Apartments, LP  
**Contact:** Justin Solomon  
**Address:** 7250 Redwood Boulevard, Suite 214  
Novato, CA 94945  
**Phone:** (415) 609-5352  
**Email:** jsolomon@d-h-i.net

**General Partner(s) / Principal Owner(s):** DHI Gloria Drive Associates, LLC  
Community Resident Services, Inc.  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** Dawson Holdings, Inc.  
Community Resident Services, Inc.  
**Developer:** DHI Gloria Drive Associates, LLC  
**Investor/Consultant:** R4 Capital LLC  
**Management Agent(s):** Sackett Corporation

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 7  
 Total # of Units: 32  
 No. & % of Tax Credit Units: 31 100%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: HUD Section 8 Project-based Contract (31 units - 100%)

**Information**

Set-Aside: At-Risk  
 Housing Type: At-Risk  
 Geographic Area: Capital Region  
 TCAC Project Analyst: Ruben Barcelo

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
At or Below 30% AMI:	4	13%
At or Below 45% AMI:	10	32%
At or Below 50% AMI:	8	26%
At or Below 60% AMI:	9	29%

**Unit Mix**

16 1-Bedroom Units
16 2-Bedroom Units
<b>32 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
2 1 Bedroom	30%	\$510
5 1 Bedroom	45%	\$765
4 1 Bedroom	50%	\$850
5 1 Bedroom	60%	\$1,020
2 2 Bedrooms	30%	\$612
5 2 Bedrooms	45%	\$918
4 2 Bedrooms	50%	\$1,020
4 2 Bedrooms	60%	\$1,224
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$10,800,000
Construction Costs	\$0
Rehabilitation Costs	\$6,913,600
Construction Contingency	\$754,440
Relocation	\$399,842
Architectural/Engineering	\$200,000
Const. Interest, Perm. Financing	\$642,841
Legal Fees	\$165,000
Reserves	\$133,554
Other Costs	\$436,063
Developer Fee	\$1,565,663
Commercial Costs	\$0
<b>Total</b>	<b>\$22,011,003</b>

**Residential**

Construction Cost Per Square Foot:	\$273
Per Unit Cost:	\$687,844
True Cash Per Unit Cost*:	\$687,844

**Construction Financing**

Source	Amount
ORIX Real Estate Capital, LLC	\$4,395,000
GP Loan	\$6,382,962
Cash Flow From Operations	\$189,540
State Tax Credit Equity	\$2,515,802
Tax Credit Equity	\$8,527,699

**Permanent Financing**

Source	Amount
ORIX Real Estate Capital, LLC	\$4,395,000
GP Contribution	\$4,434,107
Cash Flow From Operations	\$189,540
Tax Credit Equity	\$12,992,356
<b>TOTAL</b>	<b>\$22,011,003</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$10,243,916
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$4,819,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$10,243,916
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$4,819,500
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$921,952
Maximum Annual Federal Credit, Acquisition:	\$192,780
Total Maximum Annual Federal Credit:	\$1,114,732
Total State Credit:	\$3,699,710
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,565,663
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.90000
State Tax Credit Factor:	\$0.80000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

First:	<b>At-Risk</b>
Final:	<b>6.501%</b>

**Significant Information / Additional Conditions**

Development cost is over \$687,000 per unit. Factors contributing to this include the project's acquisition cost and a requirement to pay prevailing wages.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency, Sacramento Housing and Redevelopment Agency, has completed a site review of this project and supports this project.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>9</b>
General Partner Experience	7	7	7
Management Experience	3	3	2
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/3 mile of transit, service every 30 minutes in rush hours	6	6	6
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1/2 mile of public library	3	3	3
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of a public high school	3	3	0
Within 1 mile of a pharmacy	1	1	1
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
State Credit Substitution	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>108</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**